



Q3 2023

Third Quarter Results

Safety | Integrity | Accountability | Excellence | Citizenship



CEO Statement

Solid Earnings Despite Headwinds

Luberef faced challenges in the third quarter of 2023, including increased feedstock costs which resulted in lower crack margins. However, the Company was able to partially offset these challenges with a growth in base oil sales volumes.

Despite lower-than-average historical crack margins, the Company still produced solid earnings, demonstrating its resilience. The Company's balance sheet continues to strengthen, with cash now exceeding total debt.

The Company's solid business model was demonstrated by its strong free cash flow, which will support a dividend payout in line with its performance-linked dividend policy. This policy aims to distribute 60 percent to 80 percent of the Company's annual free cash flow as dividends.

Luberef is well-positioned to benefit from the growing demand for base oils in the coming years and achieve continued success.

Eng. Samer Al-Hokail
Luberef's President & CEO

Key Financial Highlights

Net Income

(SAR Million)



2%

1,241

(9M 2023)

1,215

(9M 2022)

Free Cash Flow

(SAR Million)



27%

1,737

(9M 2023)

1,373

(9M 2022)

Earnings Per Share

(SAR / Share)



3%

7.38

(9M 2023)

7.20

(9M 2022)

EBITDA

(SAR Million)



(13%)

1,558

(9M 2023)

1,784

(9M 2022)

ROACE

(%)



14 pp

43%

(9M 2023)

29%

(9M 2022)

Gearing

(%)



28 pp

(15%)

(9M 2023)

13%

(9M 2022)

Base Oil Crack Margin

(SAR / Ton)



(2%)

2,157

(9M 2023)

2,200

(9M 2022)

Base Oil Sales Volume

(Thousand Metric Ton)



(3%)

928

(9M 2023)

961

(9M 2022)

Capex

(SAR Million)



414%

185

(9M 2023)

36

(9M 2022)

Capex Breakdown

(SAR Million)

	Sustaining	Turnaround	Growth
9M 2023	55	71	59
9M 2022	36	0	0

Financial Performance

Saudi Aramco Base Oil Company - Luberef announced its financial results for nine months of 2023 with a year to date revenue of around SAR 7 Billion and a net income of approximately SAR 1,241 Million. Despite a 2% drop in crack margins, the net income increased by 2% compared to the same period in 2022 due to the conversion from tax to zakat post listing. The revenue for the third quarter this year is around SAR 2.5 Billion and the net income is approximately SAR 340 Million. The 28% decrease in net income compared to third quarter 2022 is mainly driven by 42% lower base oil crack margins compared to same quarter last year.

The Company has generated SAR 1,737 Million of free cash flow for the reported period representing a 27% increase compared to the same period last year. This increase is a result of improvement in working capital.

*FCF/ Share SAR 10.33



*The above illustration highlights total FCF/shares outstanding for nine months of 2023, and indicate the available cash for distribution following the announced dividend policy. This is not a declaration or distribution of dividends, nor a guarantee of any such distribution in the future, as any decision to do so will depend on the board's sole discretion and in accordance with the announced dividend policy and the applicable rules.



Q3 Financial Highlights

Net Income

(SAR Million)



(28%)

340

(Q3 2023)

475

(Q3 2022)

Free Cash Flow

(SAR Million)



(14%)

641

(Q3 2023)

743

(Q3 2022)

Earnings Per Share

(SAR / Share)



(28%)

2.02

(Q3 2023)

2.81

(Q3 2022)

EBITDA

(SAR Million)



(33%)

441

(Q3 2023)

655

(Q3 2022)

Base Oil Crack Margin

(SAR / Ton)



(42%)

1,761

(Q3 2023)

3,021

(Q3 2022)

Base Oil Sales Volume

(Thousand Metric Ton)



15%

321

(Q3 2023)

278

(Q3 2022)

Capex

(SAR Million)



453%

105

(Q3 2023)

19

(Q3 2022)

Capex Breakdown

(SAR Million)

	Sustaining	Turnaround	Growth
Q3 2023	16	32	57
Q3 2022	19	0	0

Company Highlights



➤ In August 2023, Saudi Aramco Base Oil Company – Luberef and Idemitsu Kosan have signed a memorandum of understanding (MOU) to explore potential business opportunities for base oil application in light of Growth II Expansion in Yanbu.

➤ In September 2023, Saudi Aramco Base Oil Company – Luberef successfully exported 5,500 tons of Asphalt “Bitumen” from King Fahad Industrial port in Yanbu to South Africa.

Disclaimer Statement



The information provided in this press release and any written or verbal accompanying communication regarding or by Saudi Aramco Base Oil Company (“Luberef” or the “Company”) (collectively, the “Information”) is provided for information purposes only. The Information is qualified in its entirety by the information contained in the Company’s financial statements and annual board reports. Certain financial and statistical information in this press release has been subject to rounding off adjustments. Accordingly, the sum of certain data may not conform to the expressed total.

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This press release may contain certain forward-looking statements with respect to Luberef’s financial position, results of operations and business and certain Luberef’s plans, intentions, expectations, assumptions, goals and beliefs regarding such items. These statements include all matters that are not historical fact and generally, but not always, may be identified by the use of words such as “believes”, “expects”, “are expected to”, “anticipates”, “intends”, “estimates”, “should”, “will”, “shall”, “may”, “is likely to”, “plans”, “outlook” or similar expressions, including variations and the negatives thereof or comparable terminology. Such forward-looking statements are based on numerous assumptions and cannot be ascertained, as they involve known and unknown risks, uncertainties and other factors within or beyond the Company’s control that could cause the Company’s actual results, performance or achievements to be materially different from the expected results, performance, or achievements expressed or implied by such forward-looking statements.

Prospective investors should be aware that forward-looking statements are not guarantees of future performance and that Luberef’s actual financial position, results of operations and business and the development of the industries in which it operates may differ significantly from those made in or suggested by these forward-looking statements. In addition, even if Luberef’s financial position, results of operations and business and the development of the industries in which it operates are consistent with these forward-looking statements, those results or developments may not be indicative of results or developments in subsequent periods.

Factors that could cause actual results to differ materially from Luberef’s expectations are include, among other things, the following: supply, demand and price fluctuations with respect to Feedstock and Base oils, and Luberef’s other by-products; global economic market conditions; natural disasters and public health pandemics or epidemics (such as COVID19), and weather conditions (including those associated with climate change); competition in the industries in which Luberef operates; climate change concerns and related impacts on the global demand for base oils and hydrocarbon- based products; conditions affecting the transportation of products; operational risk and hazards common in the oil and gas, refining and petrochemicals industries; the cyclical nature of the oil and gas, refining and petrochemicals industries; terrorism and armed conflict, political and social instability and unrest, and actual or potential armed conflicts in the MENA region and other areas; managing Luberef’s growth and risks related to its strategic growth objectives; risks in connection with projects under development and; asset dispositions or impairments; government mandated sales, recapitalizations, taxes and tax audits, tariffs, sanctions, changes in fiscal terms or; material reductions in corporate liquidity and access to debt markets; the receipt of required Board authorizations to pay future dividends; Luberef’s dependence on the reliability and security of its IT systems, Luberef’s exposure to interest rate risk and foreign exchange risk; risks related to operating in a regulated industry and changes to oil, gas, environmental or other regulations that impact the industries in which Luberef operates; risks related to litigation, including international trade litigation, disputes or agreements; and risks related to the Kingdom. For additional information on the potential risks and uncertainties that could cause actual results to differ from the results predicted please see our latest periodic reports filed with the Saudi Exchange. In light of these risks, uncertainties and assumptions, the forward-looking events described in this press release may not occur.

The Information, including but not limited to forward-looking statements, applies only as of the date it speaks and is not intended to give any assurances as to future results. We undertake no obligation to update, correct or revise the Information, including any financial data or forward-looking statements, as a result of new information, future events or otherwise, unless required by applicable law or regulation.

All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this press release. In addition, this press release includes certain “non-IFRS financial measures.” These measures are not recognized measures under IFRS and do not have standard meanings prescribed by IFRS. Rather, these measures are provided as additional information to complement IFRS measures by providing further understanding of the Company’s results of operations from management’s perspective. Accordingly, they should not be considered in isolation or as a substitute for analysis of the Company’s financial information reported under IFRS. These measures are not audited, and might not be comparable to similarly titled measures presented by other companies.



Investor Relations

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